

By: Zaffirini, Schwertner

S.B. No. 726

A BILL TO BE ENTITLED

1 AN ACT
2 relating to investments by state banks to promote community
3 development.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The heading to Section 34.106, Finance Code, is
6 amended to read as follows:

7 Sec. 34.106. INVESTMENTS TO PROMOTE COMMUNITY DEVELOPMENT
8 [~~FOR PUBLIC WELFARE~~].

9 SECTION 2. Section 34.106, Finance Code, is amended by
10 amending Subsection (d) and adding Subsection (e) to read as
11 follows:

12 (d) A bank's aggregate investments under this section [~~7~~
13 ~~including loans and commitments for loans,~~] may not exceed an
14 amount equal to 15 [~~10~~] percent of the bank's unimpaired capital and
15 surplus. [~~The banking commissioner may authorize investments in~~
16 ~~excess of this limitation in response to a written application if~~
17 ~~the banking commissioner concludes that:~~

18 [~~(1) the excess investment is not precluded by other~~
19 ~~applicable law; and~~

20 [~~(2) the safety and soundness of the requesting bank~~
21 ~~would not be adversely affected.~~]

22 (e) Notwithstanding any other law, a bank's exposure to a
23 single project or entity described by this section, including all
24 investments, loans, and commitments for loans, may not exceed 25

1 percent of the bank's unimpaired capital and surplus without the
2 prior authorization of the banking commissioner in response to a
3 written application.

4 SECTION 3. This Act takes effect September 1, 2019.